



November 12, 2025

National Stock Exchange of India Limited

BSE Limited

Symbol: NYKAA

Scrip Code: 543384

Dear Sir / Madam,

Subject: Transcript of the Conference Call for Analyst / Investors

Please find enclosed the transcript of the Analyst / Investor Conference Call held on November 07, 2025, with regards to the Unaudited Standalone and Consolidated Financial Results for the quarter and half year ended September 30, 2025.

This intimation is being submitted pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We request you to take the above information on records.

Thanking You,

Yours faithfully,

For FSN E-Commerce Ventures Limited

P Ganesh
Chief Financial Officer

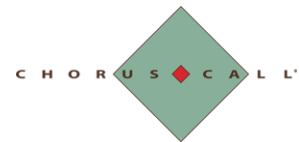
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“FSN E-Commerce Ventures Limited (Nykaa)

Q2 FY '26 Earnings Conference Call”

November 07, 2025



MANAGEMENT: **MS. FALGUNI NAYAR – EXECUTIVE CHAIRPERSON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – FSN E-COMMERCE VENTURES LIMITED (NYKAA)**
MR. ANCHIT NAYAR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, BEAUTY – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MS. ADWAITA NAYAR – EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER, NYKAA FASHION AND HEAD OF OLD BRANDS – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MR. VISHAL GUPTA – CHIEF EXECUTIVE OFFICER, NYKAA DISTRIBUTION – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MR. ABHIJEET DABAS – EXECUTIVE VICE PRESIDENT – NYKAAFASHION.COM – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MR. P. GANESH – CHIEF FINANCIAL OFFICER – FSN E-COMMERCE VENTURES LIMITED (NYKAA)



Moderator: Hi, Good evening, everyone. This is Michelle from Chorus Call. Welcome to FSN E-Commerce Ventures Limited Q2 FY '26 Earnings Call. From the management at Nykaa, we have

Ms. Falguni Nayar, Executive Chairperson, MD and CEO;

Mr. Anchit Nayar, Executive Director and CEO, Beauty;

Ms. Adwaita Nayar, Executive Director and CEO, Nykaa Fashion;

Mr. Vishal Gupta, CEO, Nykaa Distribution;

Mr. Abhijeet Dabas, Executive Vice President, Nykaafashion.com;

Mr. P. Ganesh, Chief Financial Officer.

Before we start, we would like to point out that some of the statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. Kindly note that this call is meant for investors and analysts only.

By participating in this event, you consent to such recording, distribution and publication. All participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation from management concludes.

With that, over to you, Falguni, for opening remarks. Thank you, ma'am.

Falguni Nayar: Thank you very much for being on the call with us today. As you are aware, Nykaa just finished the Board meeting and have reported our results to the exchange, and it's a delight to present these to you today. So starting with our Q2FY26 performance snapshot. Just happy to say that the GMV for the quarter was at INR 4,744 crores, which is about 30% year-on-year growth.

Also, please note that this is the highest year-on-year growth in the last 6 quarters. So happy to report a little bit of a growth momentum. On the net revenue basis also, the quarter ended at INR 2,346 crores of net revenue, which is a 25% year-on-year growth.

Again, Nykaa has delivered consistent mid-20s growth since last 12 quarters, and this journey continues. On the gross profit side, happy to say that the gross profit has come out at INR 1,054 crores, which is about 44.9% of net revenue and about 28% increase on a year-on-year basis. Again, similarly, the highest gross margin over the last 12 quarters.

On the EBITDA front, the EBITDA has come out at INR 159 crores, which is 6.8% of net revenue, a 53% year-on-year increase and highest EBITDA margin since IPO. And also on the PAT, it's come out at INR 33 crores, which is about 1.4% of NR and 154% year-on-year growth.

Next within this, the beauty growth has been robust and the fashion has also seen revival, helping aid this overall growth. 27% NSV growth across both the verticals in quarter 2. So looking at it from a Beauty perspective, one can see that the Beauty growth has come out at 28% on a year-

on-year basis. And on a first half basis, the growth is coming out at 27%. These are all numbers on the GMV.

When you look at it from an NSV perspective also in Beauty, the Beauty NSV came out at INR 1,981 crores for the quarter and for the half year at INR 3,815 crores. And that is 27% growth on the quarter basis. And the EBITDA margin for the Beauty for this quarter, it comes out at 9.0%, which is about 40 basis points higher compared to a year ago when the EBITDA margin for the Beauty business was at 8.6%.

On the Fashion front, what you can see is that the Fashion has come out with the GMV at INR 1,180 crores, which is almost a 37% year-on-year growth. But on an NSV basis, the Fashion growth is at 27% which is about INR 346 crores of net sales value of Fashion, and that is 27% year-on-year growth.

Fashion vertical EBITDA has improved to only minus 3.5%. This has come down from minus 9.0% a year ago, which is a huge improvement on a year-on-year basis. On a half year basis also, the numbers are similar. So renewed growth in Fashion has helped us spread our costs over larger sales, and that has helped in this improvement in overall margin structure.

Today, One Nykaa cumulative customer base is at 49 million, and this is about 32% year-on-year growth. So we are continuing to accelerate our customer acquisition. We have also continued to accelerate our Beauty store network rollout. 19 stores were opened in this quarter, and the total number of stores now stands at 265. And this is in 90 cities, addition of about eight new cities in this quarter alone.

And the best of global and domestic brands, we offer both on beauty and fashion. So, on beauty, we offer about 4,200 beauty brands and on fashion, the number is now at 5,000 brands.

And as you are all aware, we have launched Nykaa Now, which now has 53 stores across seven cities. We are also doing hyperlocal delivery from our stores now that allows us to offer a differentiated range of larger luxury goods in and around our stores. So both these are now live. And the annualized GMV across all the platform is now running at \$2.2 billion.

Next, Nykaa welcomes Global icon Deepika Padukone as our brand ambassador. Deepika reflects a modern Indian consumer, self-assured, authentic and global in her outlook, aligning seamlessly with Nykaa values. I'll just play a small video which shows you our brand ambassador.

Thank you. With that, I now hand over to Anchit to talk about Beauty multi-brand retail business.

Anchit Nayar:

Okay. Great. And I hope I'm audible. We are traveling on the road. So the Internet connectivity might be a bit weak. So please moderator, let me know in case I'm a bit choppy. So in terms of , as was mentioned earlier, Nykaa Beauty has had another good quarter of growth, delivering 28% growth on GMV and in absolute terms, the highest GMV we've delivered in the last multiple quarters.

So a very strong quarter in what is seasonally not the strongest period of the year. A lot of this is driven by the continued focus Nykaa Beauty showing on penetration in terms of annual unique transacting customer acquisition and growth as well as certain premiumization initiatives that are playing out nicely.

Next slide, please. I've said before, Nykaa's dual objectives are that of penetration and premiumization. On the penetration front, we continue to make investments that are paying off. We believe that India has some of the lowest penetration of beauty consumption in the world and investment needs to be made to continue to drive that.

So, we have invested behind customer acquisition, and that reflects in the Marketing and S&D expenses as a percent of NSV being at about 13.1% this quarter, but it has resulted in very strong annual transacting customer growth of 27%, taking our AUTC number up to 17.5 million for the quarter.

Quarter 2 was also a standout quarter in terms of the number and the quality of international brand tie-ups, which Nykaa managed to achieve. On the left side, you will see a mix of some of the luxury and prestige brands such as Prada Beauty, IT Cosmetics, which is owned by the L'Oreal Group and was launched exclusively with Nykaa in India. We are also the importer and distributor for that brand.

La Prairie, which is an ultra-luxury skincare brand owned by Beiersdorf was also launched exclusively on Nykaa this quarter as well as the fragrance brand, Maison Margiela. Korean brands, which are trending globally as well as in India. Nykaa continues to lead the efforts there in bringing the best the world has to offer into India. And as you can see, brands like RYO, Mise En Scène, Torriden, Dr. Althea some of the best-known brands globally out of Korea are being launched in India through Nykaa.

So just double-clicking and spending a minute about on the Korean beauty initiatives that Nykaa is taking. We believe that Korean Beauty is a strong growth driver for skin care adoption amongst Gen Z as well as young millennials. And as I mentioned earlier, it is also trending globally in many markets, including North America.

Why do we believe that Korean brands are going to spearhead the adoption of skin care and makeup in the coming years in India is because of the affordable pricing, highly efficacious products and good quality R&D as well as very fun, playful packaging.

So this makes Korean brands favorites in India as well. And you can see today, Nykaa has the largest assortment of Korean brands in India and this portfolio continues to grow at a very healthy clip at about 60% growth year-over-year. We are driving awareness and building education around Korean Beauty through our digital as well as our offline channels and events and experiences. And we have launched now a K-Beauty store on the app to allow consumers to experience Korean beauty brands that are exclusively available on Nykaa.

Next slide, please. The next big focus for Nykaa as we have also outlined in our Analyst Day earlier this year is the focus on Gen Z. We believe that Nykaa has a right to win amongst Gen Z, who we see as the next frontier for growth in beauty. As I'm sure many of you are aware, Gen

Z accounts for 26% of India's population today and almost 50% of its consumption. So what is Nykaa doing to build brand equity with Gen Z.

As you can see here are a couple of initiatives we've taken. The first is the Gen Z Campus Ambassador Programme. Today, college students can become ambassadors for Nykaa on social media and create a tremendous amount of content. Already this programme having launched this quarter already 7,000-plus pieces of content have already been created, which have generated over 45 million in terms of reach. So this program is something that we are very, very proud of and a lot of the college going students have taken a big interest in.

The second is creating immersive on-ground events. We have started to go to college campuses, where we are doing a lot of education and beauty bars and other fun engaging activities with college students, who we believe will be the next group of consumers as they get into the job, as they get into the workforce, their requirements on the beauty side will also increase. So we're preparing them for that next stage in their life.

Third is the on-site on our app, the Gen Z store. So content, as Nykaa has always said, content and commerce need to go hand-in-hand. So in addition to the content and the events and experiences we're creating, we're also looking to commercialize those outcomes through building Gen Z-specific stores that are hyper-personalized based on our understanding of the kind of brands Gen Z shoppers are looking for as well as very robust recommendation engines that help to recommend the relevant products to our consumers to make the introduction to the world of beauty easier for this younger demographic.

And last but not least, we have partnered with Snapchat to launch India's first Gen Z beauty creator incubator program. And that is something, again, as we look to continue to grow the addressable market for beauty, this is how one does that, which is through investing in the community and building the ecosystem around it. So these are just a couple of examples of how we are building a salience and a right to win amongst the Gen Z population in India.

Coming to physical retail. Today, we have 265 stores across 90 cities. So we've added 8 new cities this quarter and 19 new stores. In terms of total retail space that we occupy, it's about 2.7 lakhs sq.ft. plus, and it's been about a 37% growth year-over-year. 2/3 of our GMV in store comes from premium brands. You can see that our retail stores serve as an excellent point of premiumization for us, for customers to discover more premium, more prestige brands and for our brand partners as well. So now we do have the largest specialized beauty store network in India.

So very much a truly omnichannel retail platform and really moving well, well beyond the top 10-15 cities now with us now, almost reaching our target of being in the top 100 cities in the near term.

For us, retail stores are not just points of sale, but truly experience centers as we call them. So we believe the future of retail is experiential and Gen Z and young millennials are looking for places to engage, educate themselves and also have an experience in store. So to that extent, this quarter, we are happy to announce that currently almost 1 in 3 of our customers who go to our

retail stores are now actively getting a makeover in our store. And that is a great way to educate consumers and also to deliver a very superlative experience.

Second, we've elevated the skin care and fragrance experiences in our store with skin care diagnostics as well as fragrance finder bars that allows customers to discover the world of fragrances and should drive penetration for that category.

Last but not least, we are working with many brand partners to create exclusive and bespoke brand experiences in store. One example on this slide is what we did for Kay Beauty, one of our owned brands, where we've created a very innovative Kay Cafe concept to bring both coffee and beauty together to again further the experiential element of beauty retailing in the country. So these are just a few examples of how we continue to innovate and drive experiential retail.

Now coming to convenience and speed, something again, we've spoken about with you in the past few quarters. Just to reiterate, we have 265 stores, 44 warehouses and 53 rapid stores today. And all of our 265 stores are tech-enabled to deliver what we call as hyperlocal delivery, so service online orders through our retail store network.

In terms of what does that result in, that has resulted in 70% of our order volume being fulfilled within the next day in the top 110 cities. And now Nykaa Now, of course, is live in all top seven metros. We've got 53 stores servicing 2 million orders till date over the past several months. What's really unique about Nykaa Now, is that we have the largest assortment of beauty products and brands compared to any of the other platforms currently available with within 30-minute to 120-minute delivery. So a very large assortment spanning all the way from FMCG and mass to premium and luxury brands available through Nykaa Now.

Next slide, please. Finally, we've also spent a good amount of time this year on developing cutting-edge beauty technology that can help us to replicate the offline experience online as closely as possible now that's made possible through technology. So this quarter itself, we launched the skin analyzer tool where you can take a selfie on the app and then it can let you know your skin type, your skin concerns and recommend products accordingly.

Second is the beauty portfolio. So now we are also able to collect from our customers information about what their concerns and their skin type is, etcetera, that will allow us to hyper-personalize our recommendations.

So we see this as incredibly powerful because we'll be able to make much more relevant recommendations and help the customer to make the right choices for themselves on the platform, which, of course, is in and of itself a fantastic outcome for us, but it also has the impact of improving conversion on the platform and also driving further penetration of new categories and new products through the personalized experience, which we're now able to provide the customer.

Finally, the last slide, just to share some very interesting statistics for you. This quarter itself, 70 million beauty products were sold on Nykaa. One in every three retail customers got a makeover in our stores, 450 million visits to the app this quarter itself, which is a very large number. We

sold six perfumes every minute, so almost one perfume every 10 seconds. The fastest delivery we did through Nykaa Now this quarter was done in 7 minutes.

And finally, we sold 15 sunscreens every minute - So, 1 in every 4 seconds. So I think, again, showing you how building awareness and education for sunscreen usage in India has allowed us to ultimately commercialize that through very deep customer penetration of this category. So with that, I will hand it over to Adwaita to take you through the House of Nykaa slides.

Adwaita Nayar:

Hi, everyone. It's great to be here today and get to present this section. Speaking about the House of Nykaa, we've spoken about this before. Nykaa is transitioning from being just a retailer to also being a brands business and having this House of Brands. We've been working on this strategy in a very concerted manner over the last couple of years. And today, this House of Nykaa business has reached INR 2,900 crores of annualized GMV run rate. It's growing very well at 54% year-on-year.

We're building about 10 brands. I would say four of them are sort of established and have had breakthrough velocity, and we'll double click on those. I would say another handful, three, four are emerging. There is good product market fit. And I think next year onwards, we'll start scaling those up further. And then there are a couple which are still being incubated.

Moving on. Within that INR 2,900 crores GMV, 75%+ comes from our beauty brands. And on this slide, you can see that in Q2, our beauty brands delivered INR 627 crores of GMV in the quarter. This is a 74% year-on-year growth. So this particular segment has grown really well.

On the right-hand side, you can see how this revenue splits across Nykaa online, which is highlighted in pink, Nykaa stores, which is at 9% in Q2 and other channels, which is at about 44%. So other channels include GT, MT, it includes other online marketplaces.

And as we've mentioned before, we're not building private labels. We're genuinely building brands. And for that, having a logical distribution strategy brand by brand, which extends outside of Nykaa as well is a priority for us. Today, this whole portfolio is the second largest homegrown brands business within the country.

Moving on. I'll double-click on three brands, which have hit a particular size and scale that's critical size and scale and have had a very strong trajectory over the last couple of quarters. The first is Dot & Key. This is a brand which has now crossed INR 1,500 crores from a GMV perspective. It's grown 110% year-on-year.

It's a very profitable brand for us with high teens EBITDA margins and it's doing extremely well in terms of customer love and retention. It's amongst the top five skin care brands on Nykaa. And in many categories, it's number one. Retention numbers are also extremely strong for this brand with 50% retention with Nykaa consumers who try it.

On the right-hand side, you can see some launches for this brand, which have done very well, whether it's the lip palm or it's the oil-free hydration and moisture control moisturizer, which has also been a big success.

We can move on. The second brand I'll talk about is Nykaa Cosmetics. This brand has crossed INR 400 crores of GMV annualized. The new launches have been a big part of bringing a lot more energy to this brand and driving serious growth. And I think those new launches have hit well. Today, 20% of this business comes from new launches, which is a good number to drive that energy and excitement back into the brand. And again, there have been some really strong launches this year, whether it's the jelly brush or the eye pencils that we've launched.

Moving on. We'll quickly show you this video. This is an example of how we're trying to build a brand for each of our brands. And like this, we're creating content for all the brands, but we'll quickly show you this one, which is a pretty strong festive asset that we've come up with.

All right. So, moving on, we'll talk about Kay Beauty. So, this is a brand that we've built with Katrina Kaif and it's a joint venture that we have with her. This brand has crossed INR 350 crores in GMV. It's growing extremely well, again, making great strides in terms of rank within the makeup category. And today, it's amongst the top five makeup brands on the site. One of the most recent exciting launches has been the Cushion Foundation, which has brought fantastic Korean technology, very suitable for Indian skin tones and colors.

We can move on. I'll quickly again show this video. Another big highlight for the Kay Beauty brand has been the launch in Space in the UK earlier this year. I think it was actually in September. And it's had a very strong response in the UK market. It's been launched in 13 stores.

And in many of those stores, it's a top five brand. It's also doing very well on their online website. In general, we're seeing an amazing response from the UK audience, and it is making us think harder and deeper about the international expansion for this brand, which I believe there's a lot of potential here.

We can move on. A lot of the other brands, which I mentioned, which are either emerging or being incubated are also finding good success. We're building things in bath & body. We're building things in fragrance. We're building things in clean beauty and brands in skin.

We can move on. Like I mentioned, of that INR 2,900 crores GMV for the House of Brands business, about 75%+ is coming from beauty and the rest is coming from fashion. In fashion, we're focusing mainly on our lingerie brand now. And here, you can see the year-on-year degrowth. What I think is important to say here, and I've mentioned this in the last couple of analyst calls as well is that there's been a concerted strategy to actually shut down some of the non-Nykaa channels in fashion.

So, we've been shutting down a lot of the GT/MT, large-format store, third-party distribution. We feel it's better and higher quality business to focus on Nykaa as a channel and fashion in particular. So, there's been sort of a reorientation of strategy here. And I think for me, what's really important is across both businesses, and across both sets of brands to pick the right brands that play in the right categories. And generally, at this point, there's more focus for us on our beauty brands portfolio.

Within fashion, the one particular brand that we're really excited about is Nykd, which is our lingerie brand. I think structurally, lingerie is a really, really great space for us to be building in,

very good gross margins and very high moats, and it's hard to build lingerie. So that's a brand that we're going to continue doubling down on.

And on the next slide, you can see how that brand is doing. So that brand has crossed INR 175 crores GMV. It continues to grow 30% year-on-year on Nykaa channels, and it's the number one lingerie brand on Nykaa Fashion. Clearly, it has strong product market fit, and we'll continue to accelerate and double down on this business continuing into next year as well.

We can move on. And with that, I'll hand over to Vishal to walk us through the Superstore business.

Vishal Gupta:

Thanks, Adwaita. Good afternoon, everyone. I'm happy to report that we continue on our path to profitable scale. And even in this quarter, we have grown our transacting retailers by 41%, adding 1 lakh new retailers over last year with 42% year-on-year order growth.

Our GMV was slightly lower at 25% growth. That was mostly on account of, as you all know, there were GST changes and 40% of our portfolio had GST cut to 5%. So, there was some short-term transitory business loss due to retailer buying behaviour and postponing of retailer buying, but we are quite confident that the impact will be quite positive in the coming weeks and months in terms of offtakes, and therefore, overall retailer need for more stocks. So, we'll get back to that growth, but our expansion continues at a good pace.

And our scale and reach is very exciting to our brand partners, and you can see that we have all kinds of great brands, whether national, regional or D2C brands, and we continue to add brands. Like recently, we have added Colgate-Palmolive, we have added Cetaphil in regional D2C brands, we have added Pilgrim, Plix. So, we continue to attract, and we are a trusted partner to our brand partners.

Next. And like I keep saying that this is a scale business, and as we improve scale, we definitely improve our profitability. You can see that our EBITDA margin has improved by 422 bps driven by a lot by the operating leverage, while gross margin improved by 134 bps on account of better brand mix.

The only thing is our contribution margin had a short-term dip of 62 bps, but that is only because we have invested in field force in quarter two, and they take about one month or two months to become productive, but we have done the hiring that we have to do till Q2, and then they will get results in Q3 and Q4. So, we'll continue to keep going up as we build scale on our path to profitable scale.

Abhijeet Dabas:

Thanks, Vishal. So again, very happy to be here with you all today and also very happy to continue to share the upward trajectory that the fashion business is on over the last few quarters. As Falguni ma'am covered a little while ago, this has been a strong quarter for the fashion business. We clocked 37% growth in GMV year-on-year. Also, for fashion, similar to beauty, the GMV that we clocked for this quarter was the highest ever GMV in a quarter which is typically not the highest for the business during the year, INR 1,180 crores and a 37% growth.

Equally significantly, we saw a massive improvement in EBITDA, 550 basis points improvement in EBITDA from minus 9.0% to minus 3.5%. And we believe that with the structural changes, structural interventions that we have made in the business over the last year or so, we are well on our path towards profitability.

Next slide. Underlying the business improvement has been a much healthier customer funnel, right from how many customers we are acquiring to how many we are retaining through their life cycle.

As you can see starting from the top, we have seen significant growth, 30% growth in the visits, similar growth in the monthly active users on the platform, close to 50% growth in the new customers acquired year-on-year, which is something which augurs well for quarters to come because always customers acquired in recent months form the core of revenue in future months. So very healthy signs for the business.

And as a result of all of this, we have seen also significant improvement in marketing expenses. So, towards the end of the slide, you will see that there's been a marked reduction in marketing spend, which is a large item in the P&L. That has contributed also in a meaningful way towards the EBITDA improvement that I spoke about on the previous slide. So overall, structurally, the user funnel looks healthy, which is a positive sign for quarters to come.

Next slide. Another very core underlying tenet of this has been the addition of marquee brands across all categories. We have some logos on this slide, which gives a snapshot of the kind of brands that we've been onboarding.

One of the key pillars of our strategy is to bring the right brands to customers to bring authentic products to customers across the country and across categories, just some names on this slide are self-explanatory.

They don't need any introduction, the likes of GAP, GUESS, MEENA BAZAAR, MUFTI, newer brands such as a RARE RABBIT or The Souled Store. Overall, just the addition of a very strong portfolio of brands and immediate growth for those brands has augured well for the business.

Next slide. Also very excited to share with you that in a few days from now, H&M debuts on Nykaa Fashion. As we all know, H&M has been one of the most successful international brands to enter the country in the last few years. H&M also just completed a decade in India.

And I think it just continues to surprise us just how real the appetite for consumption of global brands is by Indian audiences across the length and breadth of the country. So very excited to partner with H&M and complement their portfolio of channels in the country. And again, a very strong addition to the portfolio of brands that we are able to offer to our customers.

Next slide. So, on one side, while we have continued to add and partner with the marquee brands in every category, equally important in a category like fashion, which is long tail is to also bring forth to our customers brands which they may not be so aware of or to sell trends and what is trending in the market.

I mentioned in the Investor Day earlier in the year as well as in our previous presentation, that the Nykaa Fashion Edit is a property that we have created recently with the use of a lot of technology in the back end to be able to understand trends in the market and then to be able to curate different kinds of assortment, different kinds of stores, which our customers fancy. And that has seen significant traction.

We are almost seeing more than a 50% increase quarter-on-quarter in the salience of merchandise through these stores. And this is something that we want to continue to invest in. So, we are both continuing to work with big brands as well as create opportunities for smaller brands and for trend-based shopping to happen for customers in a tech-enabled kind of way.

So overall, like I said, very happy to share that a very strong quarter again for fashion, and we seem to be on the right track in fixing the fundamentals of the business and very optimistic for the future. With that, I will hand over to Ganesh.

P. Ganesh:

Thank you, Abhijeet. Good evening, everyone. I'll now share a detailed overview of our quarterly performance. So, as you have seen in the earlier sections, Nykaa has had a good quarter 2 performance and has been consistently delivering strong top line growth for the last many quarters while improving its profitability too.

Our revenue from operations grew by 25% during the quarter to INR 2,346 crores, sustaining our momentum of delivering mid-20s growth consistently for several quarters with both our business verticals outperforming the industry during the quarter. Profitability also saw a meaningful improvement with our EBITDA margin in quarter 2 at 6.8%, an improvement of 125 basis points, driven by strong focus on driving efficiencies across the P&L.

I would like to highlight that in quarter 2, we have achieved the highest profitability margin since our IPO. Our PAT grew 154% Y-o-Y, which is 6x of revenue Y-o-Y growth and 3x EBITDA Y-o-Y growth, delivering a 1.4% PAT margin during the quarter, again, the highest since IPO.

Going to the next slide. Here, we have a snapshot of our profit and loss statement. Gross margins saw a healthy 111 basis points improvement during the quarter, coming in at 44.9%, once again the highest in the last 12 quarters.

Our fulfilment expenses increased by 34 basis points during the quarter and coming in at 9.7% due to focus on faster delivery in our fashion vertical, which resulted in some level of increase in air shipments, while fulfilment expenses in Beauty remained largely flat in spite of investment in rapid delivery.

We have stepped up investments in performance marketing, brand and category building initiatives, leading to a 44 basis points increase in our marketing and S&D, which came in at 15.7% during the quarter.

We are already seeing a healthy return on this investment with accelerated new customer acquisition in both Beauty and Fashion verticals reflected in the strong AUTC growth. Our brand

and category building activities are driving strong growth in House of Nykaa brands and enhancing the premiumization journey for the consumer in the beauty ecosystem.

Moving ahead, as evident from the slide, we have seen strong industry-leading growth in both businesses with NSV growth of 27% Y-o-Y, while delivering healthy EBITDA margin improvement in both businesses. Beauty witnessed almost 40 basis points Y-o-Y expansion and Fashion showed a significant 550 basis points improvement, led by unlocking of marketing and S&D as well as lower overheads.

Next slide. Yes, here, we have a detailed vertical reporting, which again reflects the strong performance both on top line as well as on margins.

Moving ahead, we continue to invest in beauty stores rollout, fulfilment capabilities and tech while driving efficiencies in our capex utilization, which currently has come down to 1% of revenue during H1 FY '26. We have invested INR 58 crores in capex, most of it in the form of investments on our beauty store network as well as in our tech capabilities.

Going to the next slide. Yes, here, we can see that our continued and relentless focus on driving efficiency on our balance sheet. This has resulted in ongoing improvement in our fixed asset turnover ratio, which is now at 9.7%.

Our working capital efficiencies have continued to pan out, and now it's close to 1 month in terms of net working capital days. So strong profitability as well as tight control on the balance sheet in terms of capital employed has resulted in a smart increase in ROCE, which has nearly doubled over the last 3-year period, coming in at 14.1%.

Yes. With that, I would like to hand the call back to the operator to start the Q&A.

Moderator: Thank you very much, Ganesh. The first question is from Sachin Dixit from JM Financial. Please accept the prompt, unmute yourself and proceed with your question.

Sachin Dixit: Congrats on a great set of results again. My first question was on Fashion. So, on Fashion side, basically, when we were doing Investor Day, it was tough to envisage such a recovery in terms of top line as well as improvement in the losses that we are delivering on. So, congratulations, first of all.

Secondly, the question being, first is how sustainable is this trajectory, both on bottom line and top line? And on the same piece, how much of the delivery that we have seen in H1, will you give credit to Nykaa specific or Nykaa Fashion-specific initiatives that the company has taken? Or if there is any improvement in market environment as well that is helping?

Abhijeet Dabas: Thanks for the question. On the first part, like I said, I think we look at the intrinsic of the business from our side and try to keep improving the underlying intrinsic which determine the success of the business or not.

And for a marketplace business, I think the core is the assortment that we have and the user funnel that we have. Are we able to add the right assortment? Are we able to work with brand partners to deliver growth both for them as well as for us?

And then are we able to attract the right quality of customers and provide them an experience with which they decide to come back to the platform. So, on both aspects, I think the intrinsic give us confidence that structurally, we are on the right path as far as the future also goes. I hope that answers the first part of the question.

On the second one, it is indeed true that there seems to be in the broader market also more positive signs compared to last year in the first half of this year. And that obviously plays a role in how our business is also performing.

But I feel confident that we have delivered faster than or rather significantly faster than market growth in the first half of the year. And with significantly better and continuously better intrinsic, I think that should continue to be the case going forward also. So, I don't think it's a first half phenomenon alone. With the right intrinsic, we are optimistic about what is to come as well.

Sachin Dixit:

Sounds good, Abhijeet. My second question is for Anchit. On Nykaa Now basically, right, so the plan earlier used to be that we'll focus more on personal care side while also looking to deliver in 30 minutes to 2 hours.

Over the call today, I think it was mentioned that luxury SKUs are also being distributed and the fastest delivery was in 7 minutes. So just to understand, is there any change in the strategy there? Are we thinking of becoming faster or trying to do more than what was earlier planned? Thank you.

Anchit Nayar:

Yes. So, thanks, Sachin, for the question. No, I think just to clarify doubts, we believe that Nykaa Now will allow Nykaa to have a bigger share of the pie within personal care, which has historically been a lot more fragmented amongst ourselves as well as the other horizontal platforms and quick commerce players, whereas Beauty was always an area where we had very dominant market share.

So Nykaa Now was one of the aftereffects of Nykaa Now was that we would build share in personal care as well, which is happening. We are seeing customer penetration of certain products, which are personal care products like shampoos and conditioners and body wash increasing on our platform and growing very healthily, which means that people are now looking at Nykaa not only as a beauty destination, but also as a personal care destination.

But that was not the only objective. The other objective was also to allow customers to have access to the beauty assortment with quicker delivery. And that's really what Nykaa Now has enabled. I think one thing we did not foresee in the early days was that we would have the ability to even sell luxury products by enabling our retail stores to become hyperlocal delivery hubs for luxury.

But if we realize that we can do it and we can do it in a cost-effective manner, so why should we not allow customers to also get access to the best luxury products with quick delivery speeds. So, both are working well.

We're seeing Nykaa Now working well for both our expansion of market share and our customer penetration in personal care categories as well as the ability to deliver in the top 7 cities with 1 or 2-hour delivery speeds, even beauty products all the way from mass to luxury.

Sachin Dixit: A quick follow-up on this. This 7 minutes, I think, seems like a pick and drop delivery properly. So, are you getting into a pure-play pick and drop model as well? Or all the plan is to stick to what we planned earlier?

Anchit Nayar: I'm not sure what you mean by, our quick commerce is very much, we have 53 Rapid stores across 7 cities. So if you live within a certain vicinity of one of our Rapid stores, the order is dispatched quite with speed. And so, 7 minutes is an example of how quickly we are able to do it. But I think most of the Nykaa Now orders are being processed and being delivered anywhere from 30 minutes to 70 or 75 minutes.

Sachin Dixit: Fair enough. Thank you and all the best.

Moderator: Thank you. The next question is from Kapil Singh from Nomura. Please go ahead. Please accept the prompt, unmute yourself and proceed.

Kapil Singh: So, thanks for the opportunity and congratulations on a very good performance for the quarter. This quarter had a couple of disruptions or I would say, on account of GST, firstly, we saw there were certain changes. So, I would like you to just call out the impact across businesses that you see on account of the GST changes, if at all. Second is that the festive season came in a bit earlier. So just your thoughts if that had any significant impact on the performance for the quarter.

And then secondly, just on the operating leverage for your beauty business, we see that fulfilment costs, marketing costs, etcetera, have been ballpark, I would say, in the same range, but not see much operating leverage. So how to think about the operating leverage in both the businesses going ahead?

Falguni Nayar: Sorry, I think there will be confusion in such a mixed question. So, I think I'll take some parts of it. I think from the operating leverage perspective, you are seeing a fair amount of operating leverage come in on both beauty as well as fashion vertical. I think on Beauty, clearly, there are, beauty vertical is a mix of combination of omnichannel beauty business along with our owned beauty brands, which are now contributing a reasonable amount and eB2B business.

So, there is also a mix impact. But overall trend that each of the businesses are increasing their EBITDA margins and working on a path to improve the EBITDA margin and then the final numbers here reflect a combination of those. Within that, I think in fashion, own brands, clearly, there was a little bit of a drag over the last couple of quarters.

And as said, it was not very heavy this quarter, but in some of the earlier quarters, but even this quarter is deprived of growth of fashion owned brands as well as their profitability. So, there are improvements clearly visible on the fashion journey, both on fashion.com as well as fashion owned brands. And on Beauty, also, like we do believe that a little bit of improvement can come through leverage.

Anchit Nayar:

Maybe I can add, if helpful. But I think, again, let's remember the beauty vertical is a combination of 3 or 4 very different businesses. And sometimes what you're saying in terms of the margins, I think in each of the individual businesses that make up the beauty vertical, you are seeing, you are seeing some operating leverage.

You are seeing an improvement in margins. But again, because some of the younger businesses like eB2B continue to grow faster than the core retailer business that we have, they start to account for a larger percent of the overall mix. So, I think some of it is mix. But also, as we said in our opening remarks, we are investing.

We continue to believe in the opportunity to drive further penetration of beauty in India given it's globally some of the lowest penetration rates in the world. So that journey continues, and we continue to invest behind growth. We continue to invest behind customer acquisition. So even the efficiencies we are able to derive from fulfilment and marketing, we are reinvesting that.

So, I think a quarter in which we have taken on a new brand ambassador, which is Deepika Padukone and we have spent behind brand building and we have spent behind marketing in terms of customer acquisition.

And we have also invested behind rapid stores and quicker delivery to keep fulfilment and marketing in the similar ballpark, I think, still is a very positive outcome. So that's the question on operating leverage. And I think fashion has definitely seen meaningful operating leverage, as you can see from the improvement in EBITDA margin.

In terms of GST, what I'll say is the GST impact, I think the GST changes were more around personal care products than beauty. There wasn't too much impact on beauty categories and beauty SKUs. So, Personal Care did see some relief on GST, and that has translated in some better Personal Care sales. But otherwise, I would say that it hasn't really affected the core of our business, which is beauty.

P Ganesh:

Just to add to what Anchit said, when we look at the overall business, the impact on GMV is less than 1%. And because taxes are netted off by the time you get to NSV, there is no impact beyond that. And there is no impact again on profitability because it is pass-through.

Kapil Singh:

Yes. No, I understand that. I mean my question was more also on the growth.

Falguni Nayar:

I think you're asking about deflationary impact of GST. It is small in our business. But yes, on eB2B business, there was some amount of deflationary impact on their ASP and AOV but because in our beauty.com business, a lot more weightage for premium products and a lot more weightage for beauty products, I don't think it was very significant.

And in fashion, some adversity at high end, but some benefit at the low end on demand pickup.

P Ganesh: Plus as well as minus. And as Vishal mentioned, in superstore, yes, about 40% to 50% of the volumes were impacted. Because Superstore is a relatively small portion of the business, when you look at a one Nykaa, the volumes which are impacted was about 8%.

Kapil Singh: Yes. No, what I was trying to understand is, is there a longer-term impact of this on the growth of particularly any of these businesses or not really, particularly fashion business, for example, do you see any impact?

Falguni Nayar: We don't see a major long-term impact. Some minor benefits, some minor near-term adversity. So that's what it was.

Kapil Singh: And on the early festive, if there was anything to call out there in terms of, is it significant? Do you think or -- because usually, our second half is stronger, particularly the third quarter. Can we expect the same trajectory this time as well?

Falguni Nayar: Definitely for Beauty, we think our third quarter will be strong because of Nykaa, Pink Friday sale and also Nykaaland that's happening now. I think on fashion, we did see some benefit of Diwali because Diwali is more of a fashion purchase. So, we did see that benefit. But we think the momentum will continue this quarter, hopefully.

Kapil Singh: Thank you, so much and best wishes.

Moderator: Thank you. The next question is from Aditya Soman from CLSA. Please accept the prompt on your screen and proceed with your question.

Aditya Soman: So, two questions. Firstly, you indicated that Kay Beauty has done well overseas in London, you indicated that. So, can you explain a little bit more about the opportunity for Nykaa owned brands overseas and how you're looking to expand that?

And second question on the sort of arrangement with H&M, will this also include sort of sales in physical stores or it's purely a sort of online arrangement? And how, if there will be a difference in pricing between what's available in their stores and what's available online and a difference in assortment?

Adwaita Nayar: Alright. So, I'll comment first on the U.K. opportunity. So, we're definitely going to double down on the U.K. and within that the Space NK partnership. And I feel that every geography requires a lot of attention and focus and bringing the right level of passion and energy to build that brand in that region.

So, I think while the response has shown us that there is a lot of potential internationally for Kay and possibly even for a couple of our other brands, we'll sort of be doing it in a measured manner and picking geographies one by one and picking the right retailer partners within it, rather than going for a very wide distribution.

Aditya Soman: Understand. And just a follow up on that. I mean, is there any plan then to also have the platform also extend overseas? Or this is just for the brands and nothing to do with the platform?

- Adwaita Nayar:** This is just for the brands. It has nothing to do with the platform.
- Aditya Soman:** Understand. And then maybe one more follow-up on this. In terms of the salience, what proportion of the owned brand products is now coming from outside of the platform?
- Adwaita Nayar:** So, at a consolidated level across the beauty brands, about 44% is coming from outside of the Nykaa ecosystem.
- Falguni Nayar:** But I think this includes GT, MT also. It's not all just offline. It's not just third-party e-com. It's a combination of GT, MT distribution. It's a combination of other stores, if at all, and then also other platforms.
- Adwaita Nayar:** Yes. And a large part of that 44% is actually GT, MT.
- Aditya Soman:** Clear. Thanks.
- Abhijeet Dabas:** So, I'll take the second question on H&M. So, it is an online partnership across their fashion portfolio and the recently launched H&M Beauty portfolio. It will not be retailing in our offline stores, if that was the question, Aditya. I'm not sure if that was the question. So the scope is online. Was that your question? Hope I got that right.
- Aditya Soman:** Yes, yes. That was the question. And the other bit was just in terms of pricing and assortment, if that differs from what they have in their stores.
- Abhijeet Dabas:** Yes. So, the assortment will be the entire assortment that H&M has for India across categories, across fashion, beauty, kids, home, the entire assortment. Generally, for brands of that size, we work very closely with brands to ensure that not just availability, pricing is also on parity with whatever it is on their own D2C platforms or offline. So, we'll be working very closely with H&M on that piece. So, pricing will also be by and large on parity.
- Aditya Soman:** Thank you. That's very clear. Thanks.
- Moderator:** Thank you. The next question is from Vijit Jain from Citi. Please accept the prompt on your screen and proceed with your question.
- Vijit Jain:** Thank you for the opportunity. I have just one question. Could you give a broad sense of what is fragrance now in your overall mix? And I see that you've added 19 stores in 2Q. This is in the beauty side faster than you've done in the last few quarters and 8 new cities as well. So, I'm just wondering, specifically on the fragrance side, is that sizable enough of a category in its own right for you, especially also on the store expansion plan side? Yes, that's my question.
- Anchit Nayar:** Yes. So, fragrance, and I think I mentioned in the past is one of our fastest-growing categories consistently every quarter. globally, you're seeing fragrance as being the category which Gen Z is really, really adopting. And you're seeing the same thing in India. So, I think fragrance is going to be a big driver of growth for beauty globally as well as in India and same applies to us. So, we are focused on it.

In the past, we've spoken with you about all the initiatives we're taking around building awareness and driving education for fragrance usage amongst consumers in India, which historically fragrance has not been part of daily life for Indian consumers. So really bringing about that habit forming change is something which we're working on leveraging all of our digital and non-digital channels.

Fragrance is also a big part of our retail stores because really the ability to test and smell a fragrance can only be done in physical retail. And so that fragrance is one of the three main pillars in our retail stores as well. So, fragrance is one of, if not the fastest-growing category on the platform, a big part of our retail store network, a high ASP item, very, very good for average order values and ticket sizes.

So, it's a great category. We're definitely very behind it. And it continues to grow from strength to strength. And we're not talking about it in this particular analyst call, but we are about to open a fragrance-only store called Nykaa Perfumery. So, you will start to see some of those stores popping up across several key metros in the coming months.

Vijit Jain:

Thanks Anchit and best of luck with that new initiative. Any broad sense on where you think fragrance could be in your overall GMV mix, right now or if you prefer where you want it to be in a few years' time?

Anchit Nayar:

So, the great thing about selling fragrance is that it doesn't cannibalize existing makeup and skin care sales, right? It's not either/or, it's very much additive. So, our ambition is just to continue to drive penetration of basket through fragrance, so making sure people are already shopping makeup and skin care, start buying fragrances as well. But the reality is we want each of our categories to grow as fast as they possibly can.

And so how the mix shakes out in the near term, we're not really focused on it from a mix perspective because that would mean artificially trying to grow it faster than other categories. We want all the categories to grow as fast as they can. So, we'll see where it shakes out. It's more an output than an input.

But I think longer term, if you look at global retailers in more developed markets, fragrance is usually anywhere from 15% to 25% of their total business. And in some markets like the Gulf, it's even more than that. So, India is still far away from the Gulf when it comes to affordability and consumer behaviour.

But I think we're definitely on our way to getting closer to where it's really an equal representation in our overall revenue mix, but we're not committing to any timelines. We're not, as I said, we're not artificially solving for it. But I think the way the customers are evolving, you will see fragrance starting to become clearly a very meaningful part of the overall pie.

Moderator:

The next question is from Harit Kapoor from Investec.

Harit Kapoor:

Hi, guys. Am I audible.

Moderator:

Yes.

Harit Kapoor:

So, I just had two questions, both on fashion. The first one was if you look at the new brands that you also onboarded, as well as with H&M coming in, just wanted to know whether you expect a little bit of an AOV dilution going forward. First half has seen very strong AOV growth also in the fashion business in mid-single-digit. So, the kind of brands you're onboarding, as well as with H&M coming in, do you expect a little bit of AOV dilution going forward as well on the fashion business? That's my first question.

And the second one was, again on fashion. So, the first half has seen exceptionally strong growth in terms of whether monthly average unique visitors, number of visits. And this has come despite an early double-digit growth in Marketing and S&D. So just wanted to get your sense on whether it's been really driven by the significant expansion in onboarding new brand partners, which is the key driver of getting more people on site or is it just better utilization of marketing ad spend? If you could just spend some time on what's driven this despite marketing, going up?

Management:

So, on the first one, we don't see a dilution of AOV per se. It could be a little bit here or there. But generally speaking, for the same brand, which is live on Nykaa, as well as on other platforms, the AOV for the same brand is also consistently higher on Nykaa, because the day and age that we live in is one where the same consumer has access to multiple apps, but it's different kinds of use cases, which bring customers to different apps.

Nykaa Fashion is positioned as a slightly more premium platform. It's a platform where customers come in to buy more high fashion product. And that has consistently been also, when we do consumer decrypt, it's consistent feedback that we have received. So, the positioning of Nykaa Fashion as a platform under the Nykaa umbrella is such that the use cases that bring customers to us even for the same brand are different from the use cases of the same brand, which take them to other platforms.

So, for that reason, we don't see there being any meaningful dilution to AOV on the first point. And even in the first quarter and quarter four of last year and even before that, we've always onboarded different ranges of brands. But in spite of that, our AOV has remained where it has remained. So don't foresee any significant dilution.

On the second part, I think, like I mentioned, intrinsically, what has led to an improvement in the new customer acquisition rate has been a revival on all of the fronts. So below under the hood, there is, of course, a very large percentage of our business, which comes from female customers, but there's also a kid's business. There is also a men's business, which are smaller in share, but which are very fast growing. There is a smaller but very fast-growing home business. And these are interesting categories which are growing almost at the clip of close to 70%, 80% even year-on-year.

So, we are seeing a very healthy customer acquisition across the board on all four of them, not just women, but women, kids, men, as well as home. And that is what is driving this new customer acquisition. And once new customer acquisition is healthy, that leads to obviously much healthier funnels in the months to come.

What I will also add is that now with the addition of brands such as H&M, which have portfolios across both beauty and fashion, that also leads to a lot of cross-pollination across both platforms. Once we have brands like these, customers who may be acquired through one portfolio will also end up transacting with us within the universe of Nykaa and other portfolio. And there's more like these, which are lined up. So, overall, I think the flywheel will continue. We are hoping and we are quite optimistic that it will continue to look the same or better.

Moderator: The next question is from Prateek Pareek from ICICI Prudential. As the current participant is not answering, we move on to the next question, which is from the line of Pankil Shah from Narotam Sekhsaria.

Pankil Shah Can you hear me now?

Moderator: Yes. Please proceed.

Pankil Shah: Hi. Just a quick question regarding the spend by brands in terms of advertisement on quarter-on-quarter basis, are we seeing increase in that on the platform?

Anchit Nayar: So, maybe I'll kick it off with beauty. So, I think the short answer is yes, there has been, I think a couple of things have happened. One is, as I've spoken to you in the past about is a lot of investments, we've made towards creating more advertising opportunities for brand partners. So now we've got ability for brands to advertise across the funnel, so not just top of funnel, but even mid and lower funnel through PLAs and in-line widgets and other in-line banners and other such opportunities for advertising. So just creating a lot more real estate.

Second is we've also started to personalize, which means now brands can really be a lot more targeted about whom they target when it comes to advertising. And third, we've launched self-serve dashboards and real-time data sharing. So also gives brands the ability to manage their ad campaigns more in real time, that is a big benefit to them and makes the platform a lot more attractive. So, I think a lot of investments beyond what we call as ad tech have been made over the past several quarters. And those are resulting in a lot of interest from advertisers.

Secondly, I think for any brand who is retailing beauty products or any brand that's selling beauty products, there is no platform with this size and scale of relevant shoppers in a very relevant demographic with the kind of affordability and behaviour that they see on Nykaa. So, and as we continue to invest behind customer acquisition that we do for penetration purposes, the brands get the benefit in terms of having a larger audience with which to engage.

So, as we continue to invest and spend on marketing to acquire customers, we're then able to also get more ad dollars from our brand partners to advertise to a larger base of consumers and a relevant base of consumers. So, there has been good progress on that front and continues to be an area of focus for us. And also, as I mentioned in my presentation, a lot of new brand launches and brand launches are a good time for brands to overinvest in marketing and we do see that play out on the platform.

Abhijeet Dabas: Yes. I'll just add a very short 2 cents on top of that for fashion. So, yes, we are seeing significantly higher interest from brands and marketing income as a more and more meaningful line item in

the P&L. But also, the fashion business compared to where beauty is in terms of its evolution of the sophistication of our tech platform to provide opportunities to brands to invest and to see ROI on their investment is, we are in the more early stages.

I think fashion is also a much younger business compared to beauty on the Nykaa side. But there is significant upside in this, because there is a lot of interest from brands to want to invest to attract and retain the right kind of customer. So, a lot more to come in the quarters to come.

Moderator: The next question is from Devanshu from Quantum Advisors. Ladies and gentlemen, as the current participant is not answering, we will conclude the question-and-answer session. You may reach out to Nykaa's Investor Relations team for any additional queries. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, ma'am.

Falguni Nayar: Thank you, everyone, for being on the call with us. And I hope we've answered all the questions and do get in touch with us if there are any clarifications needed. With that, have a good evening and thank you for being with us again today.

Moderator: Thank you, members of the management. On behalf of FSN E-Commerce Ventures Limited, that concludes this conference. Thank you for joining us and you may now exit the meeting. Thank you.